

April 19, 2011

Charles Allen  
AFSCME Business Representative  
1150 North First St., Suite #101  
San José, CA 95112

**RE: Mediation**

Dear Charles:

During our negotiation meeting on Monday, April 18, 2011, the City declared impasse pursuant to Section 23 of the City's Employer-Employee Relations Resolution, as both parties are deadlocked over several significant issues (including whether the City's pension concerns are real or imagined). During our meeting, you indicated that you would make every effort to provide the City another proposal, which you believe would bring us closer towards achieving the City Council's direction and potentially break impasse. The City Council's direction has been discussed throughout our negotiations, to reiterate, the City Council has directed us to achieve:

- 10% ongoing total compensation reduction,
- roll back the 2% general wage increase received in 2010, and
- the additional reforms indicated in the November 10, 2011, memo titled Recommendations on Labor Negotiations Direction, which the City provided to MEF/CEO on February 16, 2011.

After declaring impasse, the City suggested mediation, as the City believes it may be helpful in resolving issues and reaching settlement. We have secured the availability of a State Mediator for Monday April 25<sup>th</sup> from 2:00 p.m. to 5:00 p.m., which is a meeting time previously agreed to by the parties. Release time has already been provided to all of the members of your team for the scheduled meeting.

Please notify us by Friday, April 22<sup>nd</sup>, if you should choose not to participate in mediation. In addition, we look forward to receiving your next proposal as soon as possible, as the City would appreciate the opportunity to review it prior to mediation.

Sincerely,



Gina Donnelly  
Deputy Director of Employee Relations

c: Yolanda Cruz, MEF President  
LaVerne Washington, CEO President